
Title: ECONOMICS

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PRINCIPLES OF ECONOMICS

Economics is, simply put, the study of how an entity could most efficiently allocate its limited resources. I use the word "Entity" because these principles, moderately adjusted, may be applied on different levels. From the largest, and consequently least detailed, level -- that of a worldwide market in which the intricacies of trade and specialization are most emphasized, to an individual business's or, smaller still, an individual's struggle to gain maximum utility from the limited funds provided by that person's livelihood.

Let us begin by defining some simple, underlying theories, which may dictate the behavior of our target, which, for the purposes of this book, will focus on the economy as a whole. I intend later to publish a separate document on the wholly different level of business and/or individual-level economic fundamentals. As is the case in any science, one must first be given a foundation upon which to build his knowledge; in this particular instance, I will refer to the "Tower of Economic Understanding."

The market is the basis of my study. A market is not a tangible thing -- not like the marketplace at which one might trade with merchants for needs or wants (these I will define further into the book), although a marketplace is a part of the market. Rather, the market consists of the consumer (the entity purchasing the resource) and the seller (the entity offering the resource for sale or trade). For example, at the aforementioned marketplace, the baker, offering a loaf of bread, would be the seller, and an entity interested in purchasing the loaf would be the consumer.

A market exists when there is a resource to be exchanged. A resource, in simplest terms, can be either a good or a service. A good is a tangible item -- examples include water, diamonds, and false beards. A service is something which is performed by an entity; e.g. the service a cargo ship supplies or even governmental bodies such as a standing garrison of soldiers...